iimilmMlMinn of utojects pending receipt of me money from public issue.

(4) Dots wrt arise.

Bridge Unas to CeanaoJM ngjdant

5J». OBI Y1RHA NARAYANA-SWAMY: mB An Mfafetnr of FINANCi to pieawd to stote:

(a) what woo fes masons advaaced by RBI for haanttg krfd$» moos to companies egnjBst Poboc Issues;

(b) whether ft k a bet that such beneficiary companies were misusing this facility, *mi*

(c) *it* to, the details of endcr-cerrtatfl on this issue?

THE MINISTER OF STATE *W* THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARAMURTHY): (a) The Reserve Bank of India (RBI) has reported that the sanction of bridge icons by banks and financial institutions (Fb) against public issues has been banned due to absence of a risk free arrangement for such advance which are mostly in the form of ~~un~~secured credit. Further, banks and FIs were onabfc to ensure ~~tod~~ w~~e~~ of funds lent by them by way of bridge loans against pubic ~~issue~~s'market borrowings. Banks were also found to have not assessed properly the element of risk involved in sanction of bridges loans. There were also cases where recovery of bridge loans was not effected within the due date.

(b) and (c) RBI has reported that a sample scrutiny of bridge loans of Rs. 5 crore and above sanctioned by banks during the period 01.12.1999 to 31.03.1994 did not reveal any specific misuse of bridge toons by borrowers. But h was, inter-aha, found mat banks were no t ensuring end-use of funds lent.

Mammy for rorehjn Banks

3300. SHRI YERRA NARAYANA-SWAMY: Win the Minister of FINANCE be pleased to state:

(a) whether foreign banks operating in the country will be tismptert from •__. enforced Bonk Ko&dsya;

.(b) if so, the detafa of such exemption; .

(c) wtmtbtr tore nay pacmgaal to reduce the number of lank Hobdays; and

(d) if so, the details thereof?

TOE MINISTER OF STATE IK THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARA MUrTTHY): (a) and (b) Reserve Bank of India has reported mat holidays declared under me Negotiable Instruments Ad are applicable to aB bonks operating in the [r] country.

(c) No, Sir.

(d) Does not arise.

[illegible]